

USAWC STRATEGY RESEARCH PROJECT

**VENEZUELA'S POTENTIAL THREAT TO THE UNITED STATES' NATIONAL  
SECURITY: AN ANALYSIS OF THE CONFLICTUAL INTER-COUNTRY  
RELATIONSHIP**

by

Lieutenant Colonel Quintin Fulgham, Sr.  
United States Army Reserve

Colonel Richard Dillon  
Project Adviser

This SRP is submitted in partial fulfillment of the requirements of the Master of Strategic Studies Degree. The U.S. Army War College is accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools, 3624 Market Street, Philadelphia, PA 19104, (215) 662-5606. The Commission on Higher Education is an institutional accrediting agency recognized by the U.S. Secretary of Education and the Council for Higher Education Accreditation.

The views expressed in this student academic research paper are those of the author and do not reflect the official policy or position of the Department of the Army, Department of Defense, or the U.S. Government.

U.S. Army War College  
CARLISLE BARRACKS, PENNSYLVANIA 17013

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE <b>15 MAR 2006</b>		2. REPORT TYPE		3. DATES COVERED	
4. TITLE AND SUBTITLE <b>Venezuela's Potential Threat to the United States' National Security An Analysis of the Conflictual Inter-Country Relationship</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) <b>Quitin Fulgham</b>				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>U.S. Army War College, Carlisle Barracks, Carlisle, PA, 17013-5050</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited.</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT <b>See attached.</b>					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES <b>24</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

## **ABSTRACT**

AUTHOR: Lieutenant Colonel Quintin Fulgham, Sr.

TITLE: Venezuela's Potential Threat to the United States' National Security: An Analysis of the Conflictual Inter-Country Relationship

FORMAT: Strategy Research Project

DATE: 7 March 2006      WORD COUNT: 5732      PAGES: 24

KEY TERMS: Stress, Tension, Latin America, Democracy, Chávez, Diplomacy, Oil

CLASSIFICATION: Unclassified

Currently, the strained relationship between Venezuela and the United States (US) could negatively affect the economic trade between the two countries. Clearly, there is a strategic economic interdependent relationship between them. But, what is the cause behind the current stressed relationship between the Venezuela and the US? Given the long history of this relationship, this question must be addressed. The region of the Americas must learn to co-exist with minimum possible conflicts. The world is watching how these two countries will resolve their differences. The purpose of this paper is to outline some of the facts about Venezuela, identify the US national security objectives, describe key points of contention from both countries, identify perceived threats, and recommend possible conflict solutions to significantly improve the strategic relationship between Venezuela and the US.



## VENEZUELA'S POTENTIAL THREAT TO THE UNITED STATES' NATIONAL SECURITY: AN ANALYSIS OF THE CONFLICTUAL INTER-COUNTRY RELATIONSHIP

The relationship between Venezuela and the United States (US) is currently experiencing significant stress. This relationship is very important due to the strategic economic interdependence between them.

U.S.-Venezuelan commercial ties are close. The United States is Venezuela's most important trading partner, representing about half of both imports and exports. In turn, Venezuela is the United States' third-largest export market in Latin America, purchasing U.S. machinery, transportation equipment, agricultural commodities, and auto parts. Venezuela's opening of its petroleum sector to foreign investment in 1996 created extensive trade and investment opportunities for U.S. companies. As a result, Venezuela is one of the top four suppliers of foreign oil to the United States.<sup>1</sup>

The question is how the two countries should resolve their differences. The current bickering between the two countries has dominated the headlines particularly during the time leading up to the recent Summit of the Americas held November 4-5, 2005. The two countries are testing the theory that democracies do not fight each other. Is this situation comparable to two siblings quarreling or has it gone beyond that? One might contend that this is an excellent opportunity for the two countries to effectively utilize soft power, particularly, diplomacy. The US State Department should take a more public lead, via our ambassador to Venezuela, to mediate concerns from both countries. A point that should be noted up front is that Venezuela has a long history of successful and unsuccessful coups for governmental takeovers. Therefore, the US need not influence or encourage this behavior within democratic Venezuela. Another question to consider is that of regional stabilization. An analysis of this will afford insight into the likelihood of a Venezuelan security threat to the US. This paper will outline some of the facts about Venezuela, the US national security objectives, the points of contention from both countries, identify perceived threats, and recommend possible conflict solutions to relieve the tension and ensure a continued critical and cordial strategic economic trade relationship.

### Venezuela

#### History

Columbus discovered Venezuela in 1498 and it gained its independence from Spain in 1821.<sup>2</sup> Venezuela is located on the northern coast of South America and is about the size of Texas and Oklahoma combined.<sup>3</sup> "A country of striking natural beauty, which ranges from the snow-capped Andean peaks in the west, through the Amazonian jungles in the south, to the

beaches of the north, Venezuela, is among the most highly urbanised countries in Latin America.<sup>14</sup> Military dictators ruled the country until 1958.<sup>5</sup> With a population of approximately 25 million, Venezuela consists of the following ethnic groups: Spanish, Italian, Portuguese, Arab, German, and African.<sup>6</sup> The religious makeup is Roman Catholic 96%, Protestant 2%, and other 2%.<sup>7</sup> The official language is Spanish but the citizens speak other numerous indigenous dialects.<sup>8</sup> The total population literacy rate of age 15 and over that can read and write is 93.4%.<sup>9</sup> The cosmopolitan capital city is Caracas, of which a quarter of the residents are immigrants or descendants from Europe, Arabia, and Africa.<sup>10</sup>

The country's economic fortunes remain tied to fluctuating oil prices. The oil boom of the early 1970s largely benefited the middle class; a subsequent collapse of world oil prices condemned many of this class to poverty while eroding the living standards of the already impoverished.

Unemployment remains high and, according to official figures, around 60% of households are poor.<sup>11</sup>

### Current Economy

The estimated Gross Domestic Products for 2004 is \$145.2 billion.<sup>12</sup> Oil (which is approximately 2.1 million barrels (bbls) per day<sup>13</sup>) accounts for about 80 percent of the export income, 50 percent of government earnings, and 25 percent of the gross domestic product.<sup>14</sup> Other exports are iron ore, bauxite, aluminum, coffee, cocoa, rice, and cotton<sup>15</sup>. The main imports are manufactured goods—especially machinery, vehicles, and chemicals—and food.<sup>16</sup> The main trading partners are the United States, Germany, and Japan.<sup>17</sup> Venezuela's imports 29 percent of its total imports from the US and exports 56 percent of its total exports to the United States.<sup>18</sup> Of the total 2.1m bbls per day, the US imports approximately 1.2m, which is 11 percent of their total oil imports.<sup>19</sup> Thus, a cut in trade relationship would cause Venezuela a significant lost in revenue and the US can expect to pay higher oil prices if the lost of oil import is made up from middle eastern countries. The US option of getting the oil from the Middle East would go against President Bush's 2006 State of the Union address in which he wants to reduce oil dependency from the Middle East. "The United States/Venezuela trade relationship totaled \$28.9 billion in 2004."<sup>20</sup> "Total trade between the two countries ranks Venezuela 16th among the United States' worldwide trading partners."<sup>21</sup>

Opportunities for investment and trade in Venezuela are abundant in sectors such as oil and gas production and distribution, electrical distribution, petrochemicals, aluminum, steel, agriculture, tourism and consumer products and services, to name a few. Foreign energy companies, many of which are U.S. companies, already have invested more than \$25 billion in oil and gas

operations in Venezuela, and additional investments of \$13 billion are forecast for the next ten years.<sup>22</sup>

While Venezuela is the world's fifth largest distributor of oil,<sup>23</sup> the current condition of its State run oil company, Petróleos de Venezuela (PDVSA), is in a chaotic turmoil. "PDVSA has become far more poorly managed since a strike two years ago [2003] that led to the summary dismissal of 18,000 experienced employees."<sup>24</sup> Because of spending less on investment, poor management, and suspected corruption, PDVSA oil production is declining which requires private companies to make up more of the oil supply.<sup>25</sup> However, Venezuela current economy is showing signs of growth as noted below.

After two years (2002-2003) of economic contraction, the efforts and sound policies applied by the Government achieved important positive outcomes in 2004. Today the country's economy presents strong and clear signs of recovery through indicators such as the capacity to pay its international financial obligations, the liquidity and solvency of its financial system, a substantial improvement in the perception of country risk, the elimination of unbalances in the fiscal accounts, a substantial growth of GDP, the fall in the rate of unemployment and the restraint of inflation.<sup>26</sup>

Percentage wise Gross Domestic Product grew 17.9% and 9.4% in 2004 and 2005, respectively.<sup>27</sup> Since 1998, when Chávez took office, a barrel of oil sold for \$10 US dollar but now a barrel of oil is selling for almost \$60.<sup>28</sup> Given this windfall of increased revenues, one would think that Venezuela would be in the black but it was running a deficit in early 2005 for the reasons noted previously.<sup>29</sup>

#### Military Power

From 1821 - 1958 and except for 1945-48, "...a succession of military-based caudillos stretching back to "The Liberator" himself, Simon Bolivar Palacios ruled Venezuela."<sup>30</sup> A change to elected civilian leadership was due in part to the public's dissatisfaction with poor military administrations. "For at least the couple of decades leading up to the 1990s, military factionalism and politicization had posed little problem for Venezuela, contrary to most Latin American countries."<sup>31</sup> In fact, "From the 1960s, after the interventionist tendencies in the Venezuelan military had been largely squelched, the military was gradually transformed to a staunch institutional ally (if not a true subordinate) of political democracy."<sup>32</sup> Under the civilian controlled government, the public has reversed its dissatisfaction with the military. In fact, the professionally trained military works well with other regional militaries.<sup>33</sup> This subordinate relationship changed in the 1990s when two military coups were attempted but failed. The second coup was even lead by general officers from the Army, Navy, Air Force, and National

Guard. The military leadership grew weary of corrupt civilian administrations and therefore became more politically active. "With respect to the Venezuelan public, the 1992 coup attempts presented the people with a new and highly visible alternative to the increasingly stagnant part-dominant political system."<sup>34</sup> "By 2002, many Venezuelans had come to see military insurrection as equally valid for displacing Chávez, the very man who had succeeded in obliterating the previous political system."<sup>35</sup> Venezuela has a combined Army, Navy, Air Force, and National Guard totaling up to 80,000 personnel.<sup>36</sup>

#### Political Environment

Venezuela experienced its first democratic government briefly between 1945 and 1948.<sup>37</sup> Due to the inexperience and impatience of the young leaders it did not last. In 1958, as mentioned above, once again, a democratic government was established. "Under its twenty-sixth constitution, adopted on January 23, 1961, Venezuela is a federal republic made up of twenty states, two federal territories (Amazonas and Delta Amacuro), and a Federal District (Caracas)."<sup>38</sup> The states are independent to a certain degree. They can establish state and local governments and even change the states name. On the other hand, the federal level heavily influences the states because they provide the states their budget. The constitution established the Executive, Legislative, and Judicial branches. This is similar to the U.S., wherein, the President or Head of State operates within the executive branch. The legislative branch consists of a Congress split between a Senate and a Chamber of Deputies. The judiciary branch is only at the federal level with the highest level being the Supreme Court of Justice. There are no state courts. The Executive branch is clearly recognized as the dominant branch. The executive branch introduces most significant legislation.<sup>39</sup>

Understanding the events leading to the increased popularity of Hugo Chávez is very important to accessing and determining recommendations for the current tensions between Venezuela and the United States. The move from democracy to socialism started under Chávez's influence. This next section will capture those events and highlight the significant tipping points that might suggest that Hugo Chávez and the will of the people are important centers of gravity to consider.

In 1982 Hugo Chávez, Jesús Urdaneta Hernandez and Felipe Acosta Carle "...founded a clandestine organization called the Movimiento Bolivariano Revolucionario 200 (MBR-200)."<sup>40</sup> The MBR-200 consisted of mainly young (around twenty-eight years of age) military officers.<sup>41</sup> The Bolivarian movement started as a result of economic and social decline. The groups stated objectives were "...they would rescue the values of the fatherland, dignify the military career,



and fight against corruption.<sup>142</sup> It is critical to understand the state of affairs within Venezuela that lead to the Venezuelans acceptance of this new movement. Explained next are the events that highlight these affairs.

At the start of this 1982 movement, the two main political parties were Social Christian Party Comité de Organización Política Electoral Independiente (COPEI) and the Democratic Action Acción Democrática (AD). By 1982, Luis Herrera Campins (COPEI party) had served three years as Venezuela's President.

The lack of confidence in President Herrera's economic management by the local business community contributed significantly to a precipitous decline in the growth of real gross domestic product from an annual average of 6.1 percent between 1974 and 1978 to a sickly – 1.2 percent between 1979 and 1983. Unemployment hovered around 20 percent throughout the early 1980s.<sup>43</sup>

At the end of President Herrera's term he was succeeded by Jaime Lusinchi of the AD party.<sup>44</sup> Lusinchi ... "won the contest on December 4 [1983] with 56.8 percent of the valid vote, the highest percentage gained by a candidate since the dawn of the democratic era in 1958."<sup>45</sup> "Although the 1983 elections again demonstrated the predominance of the two major parties, the record of ineffective government (known locally as *desgobierno*), corruption, an increasing foreign debt, and a growing list of unaddressed socioeconomic problems all contributed to a widespread disillusionment with the political process among the electorate."<sup>46</sup> "By 1988, after thirty years of successive AD and COPEI governments, annual inflation was 40.3 percent, general poverty was 38.5 percent, unemployment was reaching double digits, and real salary levels had declined precipitously."<sup>47</sup> Once again, Venezuelans would reelect Carlos Andrés Pérez as President in 1988.

In 1989, Venezuelans for the first time voted for governors and mayors.<sup>48</sup> During these state elections, the AD party lost eight governor offices.<sup>49</sup> Also, Venezuelans voted for two governors who were not from either the AD or COPEI party, showing their growing dissatisfaction with existing leadership. The AD and COPEI party's leadership focused on neoliberal policies. "Neoliberalism works on the assumption that those located in the informal sector can "insert" themselves into the modern economy, a postulate undermined in Venezuela by low standards of education resulting from two decades of decline in social expenditures."<sup>50</sup> In neoliberal policy, the economic growth generated from private business ownership was supposed to funnel down to the "have-nots"; thereby, decreasing poverty. Instead, general poverty increased to 66.5 percent in 1989.<sup>51</sup>

This continued neoliberal policy led to further unrest within the country. Another tipping point event, involving the rarely used armed forces, also occurred in 1989 when:

Newly reelected president Carlos Andrés Pérez... sought to boost Venezuela's faltering economy by instituting an economic reform program known as *el Paquete*, or "the package." The reforms included raising the price of gasoline, which in petroleum-producing Venezuela had traditionally been kept well below international prices. The consequent increase in the cost of public transportation served as a trigger for an angry public outburst. Violent riots ensued throughout Caracas... With the police hopelessly overwhelmed, Pérez sought help from the armed forces. Pérez essentially turned over the reins of power to the Minister of Defense, General Italo del Valle Allegro, leaving it to him and his troops to reestablish control. Allegro not only brought out the National Guard, the force most suited to domestic crises, but also called on the traditional armed forces. Men who had been trained and socialized to fight external enemies now found themselves pointing their guns at their own country-men. Bloodshed was considerable, with hundreds—and perhaps even thousands—left dead.<sup>52</sup>

On February 4, 1992, Movimiento Bolivariano Revolucionario 200, lead by Lieutenant Colonels Hugo Chávez Frías and Francisco Arias Cárdenas, set out to oust President Pérez. This first time in years military coup attempt failed but the public recognition of the movement increased. This movement would be the spring board for Chávez's political career.

In 1998, Venezuelans elected Hugo Chávez Frías under his newly established party of Movimiento Quinta Republica (MVR; Fifth Republic Movement).<sup>53</sup> Upon taking office, President Chávez successfully called for an elected assembly to rewrite the constitution. Once the new constitution was approved, President Chávez then called for "megaelections," which meant all elected officials at the national and state level were required to rerun for elections<sup>54</sup>. These elections resulted in total domination of the MVR party; minimization of the AD party with only 20 seats in the assembly; and the elimination of the COPEI party as a political contender.<sup>55</sup> Chávez bases his political platform on a Socialist approach.

According to President Chávez and his advisors, in order to make the Bolivarian [or socialism] project work, it is necessary to implement diverse policies beginning with a "system of power." That system is intended to ensure internal peace and societal harmony in Venezuela that will—in time—provide the foundations for a Latin American-wide Regional Power Bloc (BRP), and economic and political integration.

The system of power upon which internal and external Bolivarian objectives will be achieved is based on the concept of direct democracy. Importantly, the main tenets dictate that: 1) the new authority in the state must be a leader who communicates directly with the people, interprets their needs, and emphasizes "social expenditure" to guarantee the legitimate needs and desires of the people; 2) elections, Congress and the courts will provide formal democracy and international legitimacy, but will have no real role in governance or the economy; 3) the state will continue to own or control the major means of national production and distribution; and 4) the national and regional political-economic integration function will be performed by the leader by means of his financial, material, and political-military support of people's movements.<sup>56</sup>

Dr. Harold A. Trinkunas, Assistant Professor in the Department of National Security Affairs at the Naval Postgraduate School, whose research and writing focus on Latin American politics, particularly democratization points out that:

Although the Bolivarian revolution is mostly oriented toward domestic politics, it also has an important foreign policy component. Bolivarian foreign policy seeks to defend the revolution in Venezuela; promote a sovereign, autonomous leadership role for Venezuela in Latin America; oppose globalization and neoliberal economic policies; and work toward the emergence of a multipolar world in which U.S. hegemony is checked. The revolution also opposes the war in Iraq and is skeptical of the Global War on Terrorism (GWOT). The United States has worked fruitfully in the past with Venezuela when the country pursued an independent foreign policy, but the last three policies run directly contrary to U.S. foreign policy preferences [discussed further under the US National Security Interests section] and inevitably have generated friction between the two countries.<sup>57</sup>

In June 2004, José Miguel Vivanco, Executive Director Americas Division, Human Rights Watch, describe the Venezuelan political climate as follows:

Venezuela is one of the most politically polarized countries in the hemisphere. It has been in a state of almost perpetual political crisis for some time now. Opponents of President Hugo Chávez have sought to remove him from office on several occasions—through an aborted coup d'etat in 2002 and through a costly general strike in 2003. Fortunately, the government and the opposition have agreed to address Venezuela's political disagreements within the framework of the Constitution and the rule of law.<sup>58</sup>

Mr. Vivanco further stated, "Venezuela today is a democracy. It may be an imperfect democracy, a fragile democracy—but it is, nonetheless, a democracy."<sup>59</sup> One definition of fragile democracy is:

...nations in which formal democratic systems have been implemented but in which democratic roots are sufficiently tenuous to cause a high level of uncertainty about the sustainability of those systems.<sup>60</sup>

A significant cause to Venezuela's fragile democracy relates to President Chávez's attempt to control the judicial branch. Since the rewrite of the constitution, Chávez increased the number of Supreme Court justices from twenty to thirty-two and filled the new seats with sympathetic justices.<sup>61</sup> Chávez political alliances also control the national assembly. With this said; Damarys Canache, University of Illinois at Urbana-Champaign Associate Professor, whose research interests include comparative politics, Latin America, mass political behavior public opinion, and democratization, notes the following: "The fact that a nation's democracy is fragile does not mean that its democracy is doomed to collapse," Canache recognizes that Colombia is a fragile democracy as well as Venezuela.<sup>62</sup>

Having survived a coup attempt and strike, won a recall referendum vote in August 2004, and his Fifth Republic Movement Party winning 100 percent of the 167 National Assembly congressional seats, President Chávez will most likely win a second six year term with elections scheduled for late 2006. Therefore, the US diplomatic ties with Chávez will remain important.

### Regional Overview

This section will focus on a short synopsis of the regional military mindset, regional destabilization, and Venezuelan regional relationships. See regional map below, figure 1. Typically, Latin American countries have stayed away from wars, and have only fought six wars in the last 100 years and only three of those have been since 1935.<sup>63</sup> “Latin American militaries are not trained or equipped to fight sustained international battles;”<sup>64</sup> instead of seeking decisive victories during engagements, they look for quick exits. For example, “In January 1995, sensing that a conflict was imminent between his country and Peru, Ecuadorian President Duran-Ballen Cordovez requested the attention of the guarantor states 3 days before hostilities began.”<sup>65</sup> “Three weeks later, the guarantor states had secured a cease fire, and 11 days later, the brief war ended with the Declaration of Montevideo.”<sup>66</sup> Notably, Venezuela’s last external war was during the early 1800s when they fought for their independence. The US is very much aware of Latin America’s war history as noted below:

In constructing its defensive Cold War architecture, the United States knew it would never rely on Latin American forces to contribute to the Hemisphere’s defense, because it justifiably believed Latin American militaries were unable to lend a hand in fighting major international wars. Thus, the United States relegated Latin American states to internal policing and oriented its military aid and sales programs toward inducing an inward look.<sup>67</sup>

Recognizably, there have been hundreds of border skirmishes or intrastate conflicts within the Latin American region but rarely do they expand to a full-scale war. In fact, within this region, military spending takes a back seat to transportation, phones, sewage, school systems, medical facilities, or electricity expenditures. The need for military force projection is not a day to day public concern. Latin Americans generally use the military as a back up to the police, internal security forces, immigration authorities, or intelligence units.<sup>68</sup>

Notwithstanding, when one views the recent expanded military desires of Venezuela, one can conclude that Venezuela’s military desires can potentially cause regional destabilization. Venezuela’s military purchase from Russia include 10 military helicopters, 20 high-performance MiG fighter jets, surface-to-air missiles, Onyx missiles, and 100,000 AK-47 machine gun assault rifles,<sup>69</sup> deals with Spain include 12 military transport and surveillance aircraft and eight naval patrol vessels; and a potential Brazilian purchase of light attack planes.<sup>70</sup> In November 2005,

"the Argentina newspaper Clarin reported...that Venezuela had asked Buenos Aires to sell it a nuclear reactor"<sup>71</sup> but "two days later, the Latin News Daily quoted Venezuelan Energy Minister Rafael Ramirez as denying the report."<sup>72</sup> "He said Venezuela was merely in talks with Argentina and Brazil to explore the peaceful scientific uses of the atom."<sup>73</sup> Given the regional lack of external war appetite, the question that needs an answer is, what is Venezuela's motivation for this increase in military power? This author asserts that the Latin American countries must answer this question more so than the United States.

The adage "Birds of a feather flock together" is demonstrative of the Venezuelan regional influence. Basically, there are two coalitions within the region, "one liberalizing and economic, in Chile, Colombia, and Peru, and the other statist-nationalist and geopolitical, in Brazil and Venezuela."<sup>74</sup> Bolivia can now be added to the statist-nationalist coalition since the election of Evo Morale as President in December 2005. Noted common threads between Bolivia and Venezuela are that:

More than half of Bolivia's population is indigenous, socially and culturally divorced from both the ruling and middle classes. Poverty is rampant: 60 percent of Bolivians live on less than \$2 a day. And political stability is iffy. The country has experienced 200 coups in 180 years of independence.<sup>75</sup>

Both Morale and Chávez are outspoken admirers of Cuban dictator Fidel Castro.<sup>76</sup> It appears the next Latin American country on Chávez's list to pursue is Peru. "Venezuela and Peru stepped up their diplomatic quarrel on Wednesday [January 11, 2006] with Peruvian President Alejandro Toledo accusing Venezuela's Hugo Chávez of meddling and trying to destabilize the region."<sup>77</sup> Chávez is attempting to influence the Peruvian April elections by slinging his socialist rhetoric against pro-market, center-right presidential candidate Lourdes Flores.<sup>78</sup> Chávez is using his charisma to wage a "war of words" to influence and change the region. This use of the Information element of power is his main weapon because Chávez recognizes that he cannot use military power and get away with it. As mentioned above, the Latin American region has a low tolerance for military war and will not stand for that kind of destabilization. The major problem with the Latin American region is its large indigenous population, whose main concern is disenchantment with corruption and exclusion from any economic advancement. Chávez is offering them a socialist pill to cure their symptoms and they are listening and swallowing it. How long this pill can maintain its potency is the unanswered question. The US and other democratic countries should be concerned that if this socialist approach produces the results promised, other democratic nations may face huge challenges to their own democracy status quo. To be successful, the socialistic leadership must be corrupt free.



Figure 1.

#### United States National Security Interests

Our Nation's cause has always been larger than our Nation's defense. We fight, as we always fight, for a just peace—a peace that favors liberty. We will defend the peace against the threats from terrorists and tyrants. We will preserve the peace by building good relations among the great powers. And we will extend the peace by encouraging free and open societies on every continent.<sup>79</sup>

President George W. Bush spoke these words at West Point, New York signifying the United States' strategic agenda. Additionally, President Bush expounded the US national security interests as political and economic freedom, peaceful relations with other states, and respect for human dignity.<sup>80</sup> Achieving these interests the US will do the following:<sup>81</sup>

- champion aspirations for human dignity;
- strengthen alliances to defeat global terrorism and work to prevent attacks against us and our friends;
- work with others to defuse regional conflicts;
- prevent our enemies from threatening us, our allies, and our friends, with weapons of mass destruction;
- ignite a new era of global economic growth through free markets and free trade;

- expand the circle of development by opening societies and building the infrastructure of democracy; develop agendas for cooperative action with other main centers of global power; and
- transform America's national security institutions to meet the challenges and opportunities of the twenty-first century.

It is important to recap the US security interests here so that one can assess where Venezuela fits into these interests. It is these published interests that the international communities are monitoring to see if what the US says matches the action that they are doing.

### Points of Contention

This section will lay out key contentious points that each country has with the other. Granted, this is not an inclusive list. In fact, finding the real issues may only be identifiable from a series of informal and formal meetings to build necessary trust and understanding, facilitated by a third party, acceptable to both the US and Venezuela.

#### Venezuela

- believe that the US is calling for his assassination.<sup>82</sup>
- believe that the CIA was behind the 2002 coup d'etat.<sup>83</sup>
- anticipates that the US is planning to invade Venezuela.<sup>84</sup>
- perceives the American role as excessive dominance in world politics.<sup>85</sup>
- Chávez said "The capitalist, imperialist model threatens to destroy life on this planet...it destroys waters, rivers, lakes, seas, contaminates the environment. It's a system that generates misery, poverty, death."<sup>86</sup>
- believes that the US backed the opposition's December 2005 referendum vote boycott. Chávez calls it a "plot to destabilise his government."<sup>87</sup>

#### United States

- believes Chávez is "endangering Venezuelan democracy by assuming ever-greater powers."<sup>88</sup>
- believes that there are insufficient antidrug counter measures.<sup>89</sup>
- "...Washington has been particularly concerned about the de-dollarization of international oil prices."<sup>90</sup> Chávez is using non-monetary barter to bypass the dollar.<sup>91</sup>
- "President Chávez's close ties to Cuba, a United States-designated state sponsor of terrorism, continue to concern the US Government."<sup>92</sup>

- “State Department spokesman Richard Boucher said March 31 [2005] that Venezuela “is playing a destabilizing role in the region.”<sup>93</sup>

#### Venezuela’s Threat to the United States National Security

As one looks at the US defined national security objectives above, one must conclude that Venezuela does not pose a direct national security threat to the United States. Their stated points of contentions and the United States’s points are items that relate to who will have the most Western Hemispheric influence. Militarily and economically, Venezuela does not possess the capacity to threaten the homeland security of the United States. According to Dr. Max G. Manwaring, Professor of Military Strategy at the U.S. Army War College, President Chávez may be engaging in asymmetric warfare.<sup>94</sup> Dr. Manwaring defines asymmetric warfare as “acting, organizing, and thinking differently than opponents in order to maximize one’s own advantages, exploit an opponent’s weaknesses, attain the initiative, or gain greater freedom of action. It can have both psychological and physical dimensions.”<sup>95</sup> This engagement on the other hand does not constitute a direct national security threat but more of an indirect economic security threat. It is more of a war of ideologies. Although people recognize Chávez for having charisma, his ability to alienate neighboring states is a critical shortfall. A recent example is when Chávez called Mexico’s President Vicente Fox a “puppy” of President Bush.<sup>96</sup> As a result, both countries have recalled their ambassadors.<sup>97</sup> Notwithstanding, Chávez is operating within a divided country as shown in the failed 2002 coup d’etat and 2003 oil strike. There are multiple concerns about the disappearance of billions export oil revenues.<sup>98</sup> It could be possible that the Chávez rhetoric against the US is a decoy to draw attention from the Venezuela’s own domestic problems. This was a point noted in 2004: “Observers in Washington view Mr. Chávez’s comments as those of a leader seeking an external distraction to domestic tensions, and say that the Venezuela conflict is not going unnoticed ....”<sup>99</sup>

Venezuelan and U.S. national interests have never been identical. We should expect disagreement even in a relationship historically characterized by the mutual interdependence generated by oil, but when it comes to Chávez’s Bolivarian foreign policy, politics trumps economics. Chávez seems likely to win reelection in 2006, and it appears he will be around for a considerable period of time, which puts the United States in a bind when it comes to dealing with the Bolivarian revolution.<sup>100</sup>

#### Recommendations

First, the US, being the world’s superpower, should disengage from reciprocal name calling. This situation calls for a leader to diffuse this adversarial relationship. The US is this



leader. The international community is watching to see how the US is going to respond. The importance of this conflict is not on Venezuela's rhetoric but on US response to it. If one accepts the conclusion that Venezuela is not a direct national security threat then not responding to the rhetoric is a valid US approach.

Second, the US needs to place strong emphasis on the "D" and "I" in DIME (Diplomacy, Information, Military, and Economic), elements of National Power. America's history in winning asymmetric conflicts is not as effective as its history of conventional conflicts. America will gain great dividends in the international community by resolving this conflict in a diplomatic fashion. This situation is excellent for the US Ambassador to Venezuela and the US Southern Commander to employ the latest joint concept of effects-based operations.

[United States Joint Forces Command] USJFCOM has defined effects-based operations as "Operations that are planned, executed, assessed, and adapted based on a holistic understanding of the operational environment in order to influence or change system behavior or capabilities using the integrated application of selected instruments of power to achieve directed policy aims." The basic premise of an effects-based approach is that well-crafted policy "ends" are best achieved through the employment of the most effective and efficient interagency "ways and means." Thus the integrated application of select instruments of national power is an essential effects-based operations characteristic. Effects-based operations also require a system approach to understanding the adversary and the operational environment, an established set of desired and undesired system effects, a fully functioning collaborative information environment, and a rigorous effects-assessment process. In short, the military, the other government agencies, and the non-governmental organizations are most influential and effective when their actions are harmonized with each other.<sup>101</sup>

Third, this conflict requires the involvement of other Latin American countries. The US should set up meetings with Venezuela and proceed with a mutually agreeable country to moderate, possibly Chile.

Finally, the US needs to be willing to give up something to gain a peaceful resolution, for example, tailor the Free Trade Area of the Americas to be acceptable to all countries that currently oppose it. This must be a win-win outcome for all concerned parties. Negotiation with hidden agendas will not work. US soft power must be on display. This approach can potentially expose whether or not Venezuela is attempting to use the US as a decoy to cover up its domestic problems. If it is determined that Venezuela turns a cold shoulder to US overtures to smooth the relationship because they are really masking domestic problems, the US could offer to expand its diplomatic approach to help resolve Venezuela's domestic problems.

## Summary

In summation, there are major reasons why citizens are electing individuals like Hugo Chávez and Evo Morale in South American nations. They are looking for relief from poverty and governmental corruption. As noted previously, this is the overwhelming situation that the citizens faced under the democratic leadership prior to Chávez. Chávez offered them a way out and they are taking it. The jury is still out as to whether Chávez will be able to make good on those relief promises. There are indicators that Chávez is trying but Venezuela is currently still plagued with these issues. If the US wants democracy to reign in Venezuela, it must be able to aid in resolving these two major strategic issues of relief from poverty and governmental corruption. The answer is not necessarily education because Venezuela has a very high literacy rate. The answer for Venezuela may lie in the thought of obtaining self-respect and respect for all fellow citizens. How does one instill this respect in people remains the question; its solution is important to maintaining any democratic society.

One can see that America's national security is not in jeopardy from any Venezuelan foreign policy. However, the US must put into action its national security objective of working with others to defuse regional conflicts. In particular, the implementation of effects-based operation concepts. The US must not go at it alone and must use soft power, with the emphasis on diplomacy, to settle current differences with Venezuela. If this conflict continues to stress the strategic economic relationship between the two countries, it has the potential to adversely affect markets in both countries. Currently, neither country is in any position to allow this to happen because the oil revenues in Venezuela would suffer and the oil prices in the US would mostly likely increase. The broader question that one needs to answer is -- can democratic and socialistic societies co-exist without conflict? Is this a winner take all situation? It should not be a winner takes all. Both countries need to do a self examination, remove any infection of arrogance, and then sit down at the table to resolve differences as equals with a shared interest in resolving the differences noted in points of contention. Although Venezuela is not a military threat to US National Security, a more harmonic and cordial, strategic economic relationship is achievable and mutually beneficial for both nations.

## Endnotes

<sup>1</sup> U.S. Department of State, Bureau of Western Hemisphere Affairs, Background Note: Venezuela; available from <http://www.state.gov/r/pa/ei/bgn/35766.htm>; Internet; accessed 17 February 2006.

<sup>2</sup> U.S. Department of State, *Post Report 2003*, Venezuela (Washington, D.C., Department of State Publication, 2003), 3.

<sup>3</sup> Ibid., 1.

<sup>4</sup> "Country profile: Venezuela," BBC News (November 22, 2005); available from [http://news.bbc.co.uk/1/hi/world/americas/country\\_profiles/1229345.stm](http://news.bbc.co.uk/1/hi/world/americas/country_profiles/1229345.stm); Internet; accessed 11 January 2006.

<sup>5</sup> U.S. Department of State, *Post Report 2003*, Venezuela, 3.

<sup>6</sup> *CIA World Factbook*; "Venezuela," updated 1 November 2005; available from <http://www.cia.gov/cia/publications/factbook/geos/ve.html>; Internet; accessed 27 November 2005.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> U.S. Department of State, *Post Report 2003*, Venezuela, 3.

<sup>11</sup> "Country Profile: Venezuela," BBC News (22 November 2005); available from [http://news.bbc.co.uk/1/hi/world/americas/country\\_profiles/1229345.stm](http://news.bbc.co.uk/1/hi/world/americas/country_profiles/1229345.stm); Internet; accessed 11 January 2006.

<sup>12</sup> *CIA World Factbook*; "Venezuela," updated 1 November 2005; available from <http://www.cia.gov/cia/publications/factbook/geos/ve.html>; Internet; accessed 29 November 2005.

<sup>13</sup> Ibid.

<sup>14</sup> The Columbia Electronic Encyclopedia, 6th ed. Venezuela: Economy; available from <http://www.infoplease.com/ce6/world/A0861772.html>; Internet; accessed 29 November 2005.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> *CIA World Factbook*; "Venezuela," updated 10 January 2006; available from <http://www.cia.gov/cia/publications/factbook/geos/ve.html#econ>; Internet; accessed 21 February 2006.

<sup>19</sup> Gibson Consulting, *Sources of US Import*; available from <http://www.gravmag.com/oil.html#imports>; Internet; accessed 21 February 2006.

<sup>20</sup> Embassy of the Bolivarian Republic of Venezuela in the USA, “*Venezuela's Economic Growth: The Highest in Latin America*,” available from [http://www.embavenez-us.org/?pagina=pag\\_economy.php&titulo=Economy](http://www.embavenez-us.org/?pagina=pag_economy.php&titulo=Economy); Internet; accessed 14 January 2006.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Andy Webb-Vidal, “Oil Traders and Companies Factor in a Chavez Premium: Political Uncertainty in Venezuela Has Widespread Implications,” *Financial Times* (January 2005): 24 [database on-line]; available from Lexis-Nexis; accessed 29 November 2005.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Embassy of the Bolivarian Republic of Venezuela in the USA, “*Economic Update: February 2005*,” available from [http://www.embavenez-us.org/?pagina=pag\\_economy.php&titulo=Economy](http://www.embavenez-us.org/?pagina=pag_economy.php&titulo=Economy); Internet; accessed 14 January 2006.

<sup>27</sup> Embassy of the Bolivarian Republic of Venezuela in the USA, “*Venezuela's Economy Expanded 9.4% in 2005*,” available from [http://www.embavenez-us.org/?pagina=pag\\_economy.php&titulo=Economy](http://www.embavenez-us.org/?pagina=pag_economy.php&titulo=Economy); Internet; accessed 14 January 2006.

<sup>28</sup> Andy Webb-Vidal, “The black Gold that Oils the Wheels of Government Venezuela: Andy Webb-Vidal Explains How, and Why, the Country Manages to Run a Fiscal Deficit that Is Among the Highest in the Region,” *Financial Times* (April 12, 2005): 2 [database on-line]; available from Lexis-Nexis; accessed 29 November 2005.

<sup>29</sup> Ibid.

<sup>30</sup> U.S. Department of the Army, Richard A. Haggerty, ed., *Venezuela: A Country Study*, Department of the Army Pamphlet 550-71 (Washington, D.C.: U.S. Department of the Army, 1993), 177.

<sup>31</sup> Ellner and Hellinger, 96.

<sup>32</sup> Ibid.

<sup>33</sup> Jeffrey K. Wilson, *Promoting Stability and Security in Venezuela*, Strategy Research Project (Carlisle Barracks: U. S. Army War College, 18 March 2005), 6.

<sup>34</sup> Ellner and Hellinger, 96.

<sup>35</sup> Ibid.

<sup>36</sup> Wade Boese, “Venezuela Arms Buys Irk U.S. Officials,” *Arms Control Today*, May 2005, 32.

<sup>37</sup> U.S. Department of State, *Post Report 2003*, Venezuela, 3.

<sup>38</sup> Haggerty, 137.

<sup>39</sup> Ibid., 144.

<sup>40</sup> Steve Ellner and Daniel Hellinger, eds., *Venezuelan Politics in the Chavez Era: Class, Polarization & Conflict* (Boulder, CO, Lynne Rienner Publishers, 2003), 75.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Haggerty, 36.

<sup>44</sup> Ibid., 37.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid., 37-38.

<sup>47</sup> Ellner and Hellinger, 113.

<sup>48</sup> Ibid., 77.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid., 118.

<sup>51</sup> Ibid.

<sup>52</sup> Ellner and Hellinger, 96.

<sup>53</sup> Ibid., 43.

<sup>54</sup> Ibid.

<sup>55</sup> Ibid., 44.

<sup>56</sup> Max G. Manwaring, *Venezuela's Hugo Chávez, Bolivarian Socialism, and Asymmetric Warfare* (Carlisle Barracks, PA: U.S. Army War College Strategic Studies Institute, 2005), 9.

<sup>57</sup> Harold A. Trinkunas, "Defining Venezuela's "Bolivarian Revolution," *Military Review*, July-August 2005; available from [http://www.findarticles.com/p/articles/mi\\_m0pbz/is\\_4\\_85/ai\\_n15674585](http://www.findarticles.com/p/articles/mi_m0pbz/is_4_85/ai_n15674585); Internet; accessed 18 January 2006.

<sup>58</sup> U.S. Congress, Senate, Committee on Foreign Relations, Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs, *The State of Democracy in Venezuela: Hearing before the Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs of the Committee on Foreign Relations*, 108<sup>th</sup> Cong. 2d sess., 24 June 2004. Written testimony of Jose Miguel Vivanco, 1.

<sup>59</sup> Ibid.

<sup>60</sup> Damarys Canache, *Venezuela: Public Opinion and a Protest in a Fragile Democracy* (Coral Gables, FL, North-South Center Press, 2002), 6.

<sup>61</sup> U.S. Congress, Senate, Committee on Foreign Relations, 1.

<sup>62</sup> Canache, 6.

<sup>63</sup> David S. Pion-Berlin, Ph.D., "Political Management of the Military in Latin America," *Military Review*, January-February 2005, 23.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid., 25.

<sup>69</sup> Thor Halvorssen, "Hurricane Hugo: Venezuela's Hugo Chavez is a Threat to More Than Just His Own People," *Weekly Standard*, August 8, 2005; available from [http://www.findarticles.com/p/articles/mi\\_m0rmq/is\\_44\\_10/ai\\_n14895831](http://www.findarticles.com/p/articles/mi_m0rmq/is_44_10/ai_n14895831); Internet; accessed 18 January 2006.

<sup>70</sup> Boese, 32.

<sup>71</sup> "Venezuela Seeks Nuclear Technology," *The Washington Times* (4 November 2005); available from <http://aimpoints.hq.af.mil/display.cfm?id=7201>; Internet; accessed 5 November 2005.

<sup>72</sup> Ibid.

<sup>73</sup> Ibid.

<sup>74</sup> Rita Giacalone, "Impact of Neo-Populist Civilian-Military Coalition on Regional Integration and Democracy: The Case of Venezuela," *Journal of Political and Military Sociology*, Summer 2005; available from [http://www.findarticles.com/p/articles/mi\\_qa3719/is\\_200507/ai\\_n14904129](http://www.findarticles.com/p/articles/mi_qa3719/is_200507/ai_n14904129); Internet; accessed 18 January 2006.

<sup>75</sup> Stephen Johnson, "Castro Puppet in Bolivia" (13 January 2006); available from <http://www.foxnews.com/story/0,2933,181648,00.html>; Internet; accessed 17 January 2006.

<sup>76</sup> Ibid.

<sup>77</sup> "Peru, Venezuela Quarrel After Latest Chavez Jibe," Reuters (11 January 2006); available from <http://msnbc.msn.com/id/10723565/from/et>; Internet; accessed 13 January 2006.

<sup>78</sup> Ibid.

<sup>79</sup> George W. Bush, *The National Security Strategy of the United States of America* (Washington, D.C., The White House, September 2002), 1.

<sup>80</sup> Ibid.

<sup>81</sup> Ibid., 1-2.

<sup>82</sup> Lally Weymouth, "Hugo Chavez," *Newsweek*, 10 October 2005; available from <http://web.lexis-nexis.com/universe>; Internet; accessed 5 November 2005.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> Kelly and Romero, 4.

<sup>86</sup> Natalie Obiko Pearson, "Chevez Threatens to Send Venezuela's F-16s to Cuba, China, Challenges U.S. 'Imperialism'," *Associated Press*, 1 November 2005; available from <http://web.lexis-nexis.com/universe>; Internet; accessed 5 November 2005.

<sup>87</sup> "Venezuelans 'Lost Faith in Polls'," BBC News (6 December 2005), <http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/americas/4501890.stm>, accessed 8 December 2005.

<sup>88</sup> "Venezuelans Divided by Chavez," *Associated Press* (19 November 2005); available from <http://www.foxnews.com/story/0,2933,176123,00.html>; Internet; accessed 30 November 2005.

<sup>89</sup> Kelly and Romero, 106.

<sup>90</sup> Steve Ellner, "Imperialism, International relations-United States, Economic reform, Political power, Radical groups, Globalization," *NACLA Report on the Americas* (Sep/Oct 2005): 20 [database on-line]; available from ProQuest; accessed 5 November 2005.

<sup>91</sup> Ibid.

<sup>92</sup> Embassy of the U.S. in Caracas, Venezuela, "*Country Reports on Terrorism: Venezuela*," available from <http://caracas.usembassy.gov/www2642.html>; Internet; accessed 5 November 2005.

<sup>93</sup> Boese, 32.

<sup>94</sup> Manwaring, 9.

<sup>95</sup> Ibid.

<sup>96</sup> "Mexico Recalls Ambassador from Venezuela," *Associated Press* (14 November 2005); available from <http://www.foxnews.com/story/0,2933,175524,00.html>; Internet; accessed 3 December 2005.

<sup>97</sup> Ibid.

<sup>98</sup> Andy Webb-Vidal, "Chávez Faces Claims of Oil Revenue Cover-Up: Venezuela's National Petroleum Company Has been Thrust into the Spotlight because of Fears Over a Collapse in Production," *Financial Times* (May 2005): 12 [database on-line]; available from Lexis-Nexis; accessed 29 November 2005.

<sup>99</sup> Andy Webb-Vidal, "Venezuelan Violence Grows as Military Clamps Down: President Hugo Chávez Is Becoming Ever More Authoritarian," *Financial Times* (10 March 2004): 12 [database on-line]; available from Lexis-Nexis; accessed 29 November 2005.

<sup>100</sup> Trinkunas.

<sup>101</sup> U.S. Army War College, Department of Military Strategy, Planning and Operations, Readings in Implementing National Military Strategy, Volume II (Carlisle Barracks, 2005), 23-52.